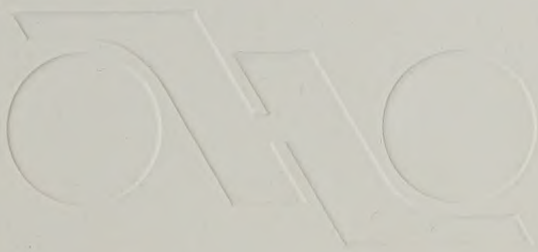
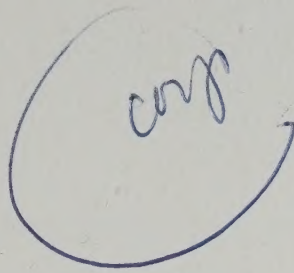



AR42



DOVER INDUSTRIES LIMITED

ANNUAL
REPORT

1968



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DOVER INDUSTRIES LIMITED

OPERATING

ROBINSON CONE COMPANY

HAMILTON, ONTARIO

SUBSIDIARY COMPANIES

CHERRY TAYLOR FLOUR MILLS LIMITED

PRESTON AND CHATHAM DIVISIONS

HOWELL LITHO AND CARTONS LIMITED

BURLINGTON AND TORONTO DIVISIONS

TAYLOR GRAIN LIMITED

CHATHAM, ONTARIO

DOVER MILLS LIMITED

HALIFAX, NOVA SCOTIA

Dover Industries Limited

DIRECTORS AND OFFICERS

DIRECTORS

Mrs. M. Campbell	H. J. Carmichael	J. M. Godfrey, Q.C.
D. M. Hunter	E. C. Labarge	J. R. McPhee
W. H. Pinchin	D. Smith	G. M. Sutherland
J. M. Vallance	D. H. Ward	D. H. Wigle

OFFICERS OF THE COMPANY

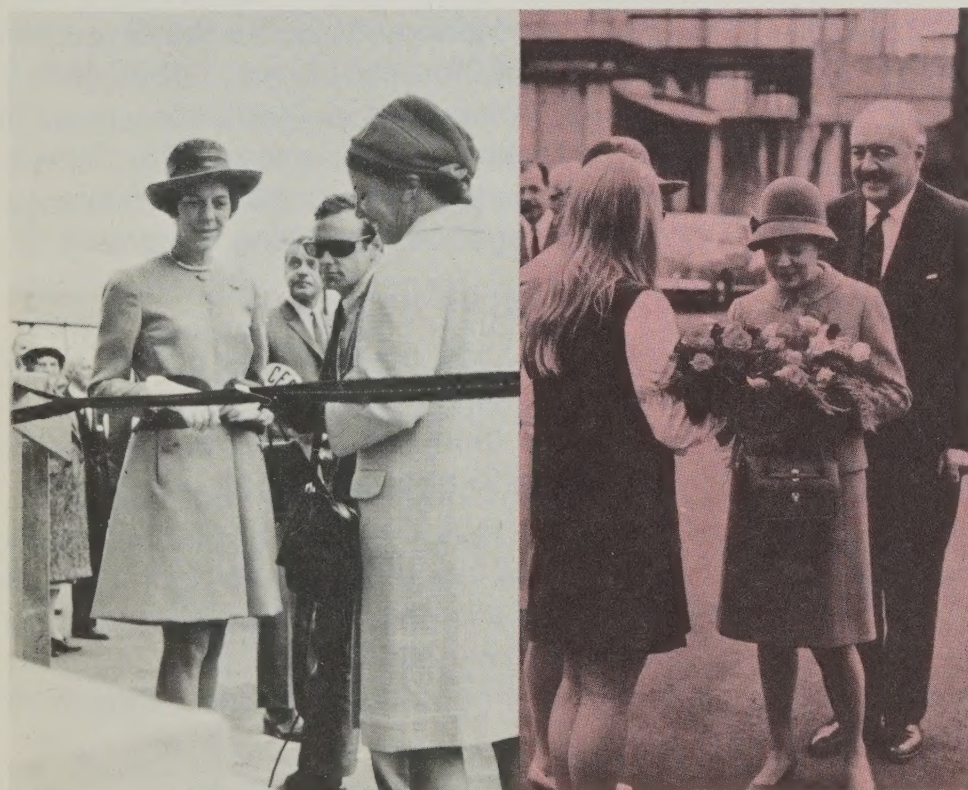
President: Mrs. M. Campbell *Vice-President:* D. H. Wigle
Vice-President: D. M. Hunter *Vice-President:* E. C. Labarge
Secretary-Treasurer: J. R. McPhee

TRANSFER AGENT AND REGISTRAR

CANADA PERMANENT TRUST COMPANY Toronto, Ontario

DOVER MILLS

The new Dover Flour Mill was officially opened during September by Mrs. G. I. Smith, wife of the Premier of Nova Scotia, who is seen (below-left) cutting the tape, accompanied by Mrs. Campbell, President of the mill. Lieutenant-Governor of Nova Scotia, the Honorable Victor Oland and Mrs. Oland attended as did other members of the provincial cabinet. Mrs. Oland is seen receiving a bouquet of flowers from Miss Helen Larson during the opening ceremonies.



The Honorable Mr. G. I. Smith, Premier of Nova Scotia, stated after the opening ceremonies that the establishment of the mill was a fulfillment of a vision or dream held for years by many Nova Scotians of all political faiths. It is expected that this \$2 million flour plant on the Halifax waterfront, with expected sales of \$7 to \$8 million will add materially to the growing economic and industrial base of the whole Atlantic Region.

PRESIDENT'S REPORT

Report To Shareholders

Your Directors are pleased to present the 28th Annual Report, the consolidated Statements, and a Five Year Financial Summary of Dover Industries for the year ended December 31, 1968.

SALES

Sales were up 14% for the past twelve months over the same period in 1967.

EARNINGS

The consolidated net profit for the year was \$240,854.00 compared to \$265,892.00 in 1967.

Earnings per common share were \$1.26 after provision for taxes and Preferred dividends. While profits from the other subsidiaries were at near record levels, Dover Mills operated at a loss.

DIVIDENDS

Dividends at the rate of 6% per annum, amounting to \$61,576 were paid on Preferred shares and \$114,256, or 80¢ per share, were paid on the Common shares.

WORKING CAPITAL

The Working Capital was increased to

\$1,000,839.00 at the year end compared to \$768,701.00 the previous year.

INVENTORIES

Inventories totalled \$4,324,251, an increase from last year. The major portion of this is wheat held at the National Harbours Board, Halifax for use of Dover Mills Limited and finished product required for normal operations of other subsidiary companies.

CAPITAL EXPENDITURES

Capital expenditures during the year amounted to \$616,178.00. Of this amount \$525,450.00 was for Dover Mills at Halifax to complete the installation of mill machinery. The balance was spread amongst the subsidiary companies for rolling stock and updating equipment.

OPERATIONS REVIEW

Robinson Cone, the Dover Operating Company, had increased sales and production. A new line of plastic straws was introduced, and met with considerable success.

Howell Litho & Cartons Ltd. completed its first year of operations in the new plant at Burlington and the savings anticipated by the move have materialized. Price increases to offset rising costs have been difficult to

attain due to the highly competitive conditions in the paper box industry.

Taylor Grain profits from operations were up this year. Handling of farmers grain increased 6% over 1967. The additional storage and updated methods which have been added to the elevators over the past years have resulted in more efficient handling and increased profits.

Cherry Taylor Flour Mills increased production 8% in 1968. The new bulk flour installation at Preston has opened up new markets for us and increased plant efficiency.

Canadian flour exports suffered another setback in 1968 when Britain devalued the pound. From 1965 to 1968 Canadian flour Exports have dropped 2,700,000 hundreds, slightly over 20%. During this same period world exports have remained fairly constant. Canada is the only major wheat exporter who does not subsidize flour exports in some way.

Dover Mills Limited at Halifax started to phase into production at the end of May 1968, after considerable delays, which were costly. Despite these delays, the mill production ex-

ceeded the projected schedule. A large scale advertising campaign in Nova Scotia in the latter months of 1968 has created a solid foundation for future sales in the consumer market in that province, while the other Maritime provinces are scheduled for the marketing and advertising of household flour to start early in 1969. Advertising expenses and start-up costs resulted in the mill operating at a loss for 1968. We are pleased with the volume of flour sold during the few months the mill was in operation last year.

The Annual Meeting of the Company will be held at the Head Office in Hamilton on Wednesday, April 23rd at 10:30 A.M. and we look forward to welcoming as many shareholders as possible at that time. On behalf of the Board of Directors, I would like to express our sincere thanks and appreciation to Management and Employees for their fine contribution during the past year.

*Respectfully submitted,
on behalf of the Board*

Mona Campbell

*President
Hamilton, Ontario March 28, 1969*

(Incorporated under the laws of Canada)

(with comparative figures at December 31, 1967)

Moira Campbell Director
John R McPhee Director

LIABILITIES	1968	1967
CURRENT:		
Bank indebtedness (note 3)	\$ 3,709,311	\$1,176,835
Accounts payable and accrued charges	457,305	2,959,266
Income and other taxes payable	275,289	150,996
Dividends payable	15,394	15,394
Long term debt instalments due within one year	114,482	38,200
Total current liabilities	4,571,781	4,340,691
 LONG TERM DEBT (note 4)	 1,952,122	 1,431,225
 DEFERRED INCOME TAXES (note 5)	 125,000	 245,700
 SHAREHOLDERS' EQUITY:		
Capital stock—		
Authorized:		
105,000 6% cumulative preferred shares of the par value of \$10 each redeemable at par		
200,000 common shares without par value		
Issued:		
102,626 preferred shares	1,026,260	1,026,260
142,820 common shares	71,750	71,750
	1,098,010	1,098,010
Retained earnings (statement 2)	2,543,603	2,478,581
	3,641,613	3,576,591
	\$10,290,516	\$9,594,207

AUDITORS' REPORT *To the Shareholders of Dover Industries Limited:*

We have examined the consolidated balance sheet of Dover Industries Limited and its subsidiaries as at December 31, 1968 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations

and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & CO. *Chartered Accountants.*
Hamilton, Canada, March 3, 1969.

Dover Industries Limited**Consolidated Statement of Income and Retained Earnings****Year ended December 31, 1968** (with comparative figures for year ended December 31, 1967)

	1968	1967
Sales	\$15,722,080	\$13,834,327
Operating costs and expenses (including depreciation of \$372,676 in 1968 and \$293,979 in 1967)	14,966,442	13,194,934
Income from operations	755,638	639,393
Interest:		
Long term debt	116,010	44,701
Bank indebtedness	102,774	94,600
	218,784	139,301
Income before taxes thereon	536,854	500,092
Income taxes (note 5)	296,000	234,200
Net income for year	240,854	265,892
Retained earnings at beginning of year	2,478,581	2,388,521
	2,719,435	2,654,413
Less:		
Dividends declared—		
Preferred—60¢ per share	61,576	61,576
Common—80¢ per share	114,256	114,256
	175,832	175,832
Retained earnings at end of year	\$ 2,543,603	\$ 2,478,581

Notes to Consolidated Financial Statements—December 31, 1968

- (1) Inventories—The inventories are valued at the lower of cost and net realizable value and consist of the following:

	1968	1967
Inventory of grains	\$2,919,312	\$2,577,310
Other raw materials	312,625	410,827
Work in process	146,241	127,482
Finished goods	946,073	833,826
	<u>\$4,324,251</u>	<u>\$3,949,445</u>

- (2) Fixed assets—

	1968		1967	
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 238,550		\$ 238,550	\$ 238,550
Buildings	2,556,203	\$ 545,348	2,010,855	1,832,089
Equipment	5,012,965	3,063,508	1,949,457	1,884,721
	<u>\$7,807,718</u>	<u>\$3,608,856</u>	<u>\$4,198,862</u>	<u>\$3,955,360</u>

Depreciation has been provided on the straight-line method at rates based on estimated useful life.

- (3) Bank indebtedness—Bank indebtedness of a subsidiary, \$2,704,512, is secured by a pledge of inventories and an assignment of book debts.

- (4) Long term debt—Long term debt consists of:

	1968	1967
7% first mortgage repayable in monthly instalments of \$360 including principal and interest, due June 10, 1971	\$ 27,323	\$ 29,644
5% debentures of a subsidiary company due February 28, 1975 (requiring yearly sinking fund payments of \$36,000)	252,000	288,000
6% notes of a subsidiary company maturing December 31, 1970 (convertible into preference shares of the subsidiary company)	55,500	46,250
7% first mortgage sinking fund bonds of a subsidiary company—		

Dover Industries Limited**Consolidated Statement of Source and Application of Funds****Year ended December 31, 1968** (with comparative figures for year ended December 31, 1967)

SOURCE OF FUNDS:	1968	1967
Operations—		
Net income for year.....	\$ 240,854	\$ 265,892
Charges or (credits) not affecting working capital:		
Depreciation.....	372,676	293,979
Deferred income taxes (net).....	(120,700)	(16,300)
	492,830	543,571
Sale of promissory notes of subsidiary.....	9,250	
Issue of long term debt.....	626,250	1,182,706
Reduction in sundry assets.....		10,000
Total source of funds.....	1,128,330	1,736,277
APPLICATION OF FUNDS:		
New facilities and equipment (net).....	616,178	1,559,959
Dividends to shareholders.....	175,832	175,832
Provision for repayment of long term debt.....	114,603	39,481
Special refundable tax paid (recovered).....	(10,421)	10,467
Total application of funds.....	896,192	1,785,739
INCREASE (REDUCTION) IN WORKING CAPITAL.....	232,138	(49,462)
WORKING CAPITAL AT BEGINNING OF YEAR.....	768,701	818,163
WORKING CAPITAL AT END OF YEAR.....	\$1,000,839	\$ 768,701

Notes to Consolidated Financial Statements—December 31, 1968—continued

	1968	1967
Authorized:		
Series A repayable in equal annual instalments covering principal and interest in each of the years 1969 to 1978 inclusive, and maturing on April 1, 1978..	750,000	
Series B repayable in equal annual instalments covering principal and interest in each of the years 1969 to 1988 inclusive, and maturing on April 1, 1988..	1,050,000	
	<u>1,800,000</u>	
Issued:		
Series A.....	703,355	
Series B.....	1,028,426	
	<u>2,066,604</u>	<u>1,105,531</u>
Less principal repayments due within one year.....	114,482	38,200
	<u>\$1,952,122</u>	<u>\$1,431,225</u>

(5) Deferred income taxes

The company and its subsidiaries follow the generally accepted accounting practice of deducting in the statement of income the amount of income taxes applicable to the income reported for the year. This may differ from the amount of income taxes currently payable by reason of differences between the amount of capital cost allowances deductible for tax purposes and the amount of depreciation recorded in the accounts, and because of operating losses which may be applied against the profits of future years in computing taxable income. The accumulated excess (on a consolidated basis) of the amount of income taxes provided over the amounts currently payable is included in the balance sheet as "Deferred income taxes".

(6) Statutory information—

Remuneration received in 1968 by directors of Dover Industries Limited as directors, officers or employees of the company and its subsidiaries amounted to \$100,452.

Dover Industries Limited

Financial Summary 1964 to 1968

EARNINGS AND DIVIDENDS

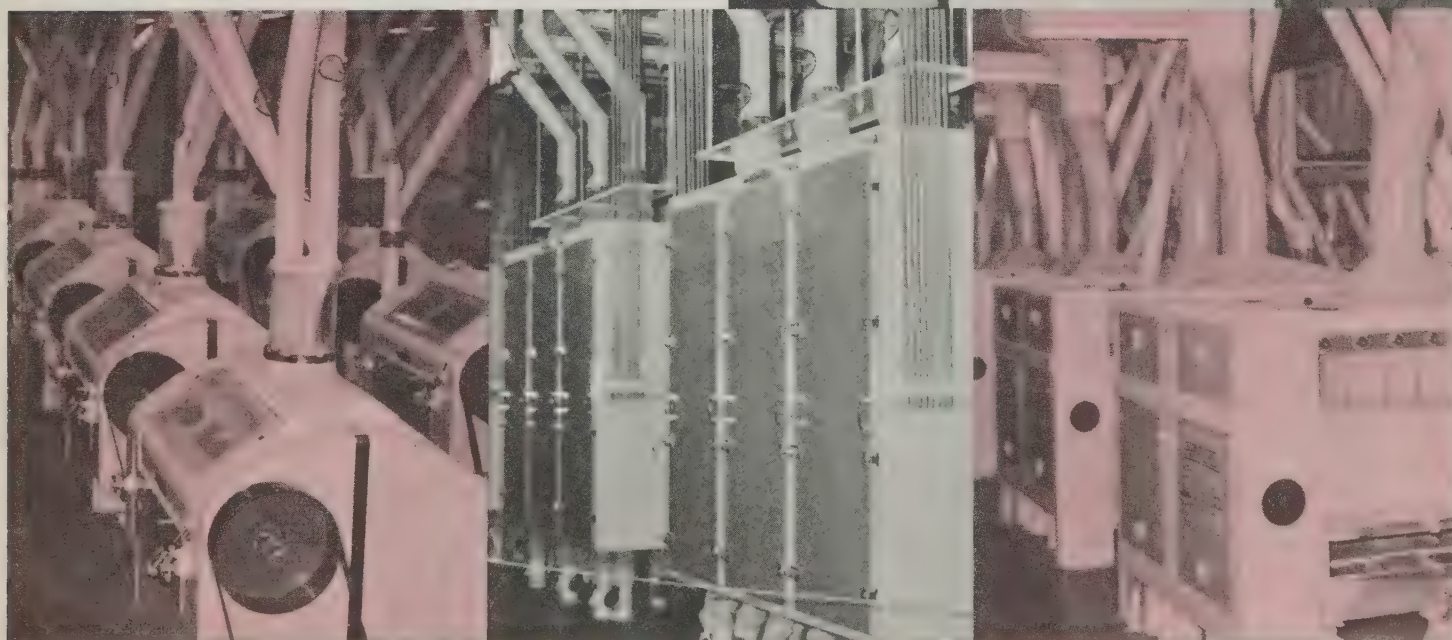
	1968	1967	1966	1965	1964
Income Before Taxes.....	\$ 536,854	\$ 500,092	\$ 767,203	\$ 757,949	\$ 648,205
Income Tax Provision.....	\$ 296,000	234,200	414,000	399,000	317,000
Net Income.....	\$ 240,854	265,892	353,203	358,949	331,205
Net Income per Preferred Share.....	\$ 2.35	2.59	3.44	3.50	3.23
Net Income per Common Share.....	\$ 1.26	1.43	2.04	2.08	1.89
Dividends per Preferred Share.....	\$ 0.60	0.60	0.60	0.60	0.60
Dividends per Common Share.....	\$ 0.80	0.80	0.80	0.75	0.60
Earnings Retained in Business.....	\$ 65,022	90,060	177,371	183,876	147,120

FINANCIAL STATUS

	1968	1967	1966	1965	1964
Current Assets.....	\$5,572,620	\$5,109,392	\$2,881,533	\$2,796,455	\$2,631,978
Current Liabilities.....	\$4,571,781	4,340,691	2,063,370	1,126,037	939,731
Working Capital.....	\$1,000,839	768,701	818,163	1,670,418	1,692,247
Current Ratio.....	1.2 to 1	1.2 to 1	1.4 to 1	2.5 to 1	2.8 to 1
Plant and Equipment (Net).....	\$4,198,862	3,955,360	2,698,380	1,570,104	1,276,449
Stockholders' Investment (Capital and Surplus).....	\$3,641,613	3,576,591	3,486,531	3,309,160	3,125,284
Common Stock Equity per Share.....	\$ 18.31	17.86	17.23	15.98	14.70
Shares of Preferred Stock Outstanding.	102,626	102,626	102,626	102,626	102,626
Shares of Common Stock Outstanding.	142,820	142,820	142,820	142,820	142,820

DOVER MILLS

The official party is shown at right inspecting the large control console which allows the operator of the mill to control the whole milling process. The pictures below show the sequence of milling (left) Roll Floor, which is the first part of the milling process, (centre) Sifter Floor which separates by size rather than weight, (right) Purifier Floor which by means of air, separates by weight rather than size.



Dover Industries Limited

Executive Offices: 145 MacNab St. North, Hamilton, Ontario

CONES & STRAWS

ROBINSON CONE

Sales Offices and Warehouses: Hamilton, Ontario • Toronto, Ontario • Montreal, Quebec

Warehouses and Sales Agents: St. John's, Newfoundland • Halifax, Nova Scotia • Saint John, New Brunswick
• Quebec City, Quebec • North Bay, Ontario • Fort William, Ontario • Winnipeg, Manitoba • Regina,
Saskatchewan • Saskatoon, Saskatchewan • Calgary, Alberta • Edmonton, Alberta • Vancouver,
British Columbia • Victoria, British Columbia

FLOUR & GRAIN

CHERRY TAYLOR FLOUR MILLS • TAYLOR GRAIN • DOVER MILLS

Direct Sales: Coast to Coast—Canada

Sales Agents: England • Scotland • Portugal • Bermuda • Bahamas • Jamaica • Antigua • Barbados • Grenada
St. Lucia • Montserrat • St. Vincent • Dominica • Guyana • St. Kitts • Trinidad • Netherland Antilles

PAPER BOXES, LABELS & POSTERS • HOWELL LITHO & CARTONS

Sales Offices: Toronto, Ontario • Burlington, Ontario • Montreal, Quebec

Sales Agents: St. John's, Newfoundland • Halifax, Nova Scotia • Saint John, New Brunswick • Quebec
City, Quebec • Vancouver, British Columbia

Jobber distribution coast to coast.

DOVER INDUSTRIES LIMITED

145 MACNAB STREET NORTH

HAMILTON, ONTARIO

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the annual meeting of the shareholders of Dover Industries Limited will be held at the office of the Company, 145 MacNab Street North, Hamilton 11, Ontario, on Wednesday, the 23rd day of April, 1969, at the hour of 10.30 o'clock in the morning, for the following purposes:

1. to receive and consider the report of the directors, the financial statements of the Company for the fiscal year ended December 31, 1968 and the report of the auditors;
2. to elect directors;
3. to appoint auditors; and
4. to transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to date, sign and return, in the envelope provided for that purpose, the enclosed form of proxy.

DATED at Hamilton, Ontario, this 28th day of March, 1969.

By Order of the Board,

JOHN R. McPHEE,
Secretary-Treasurer.

DOVER INDUSTRIES LIMITED

INFORMATION CIRCULAR

SOLICITATION OF PROXY

This information circular is furnished in connection with the solicitation of proxies by the management of Dover Industries Limited for use at the annual meeting of the shareholders of the Company to be held on April 23, 1969 for the purposes set forth in the notice of meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Company. The costs of solicitation will be borne by the Company.

REVOCABILITY OF PROXY

The shareholder executing the accompanying proxy instrument has the power to revoke it at any time insofar as it has not been exercised.

VOTING SHARES

Each holder of a common share of the Company of record as of the time of the annual meeting or any adjournment thereof is entitled to attend the meeting and to one vote for each share. As at March 11, 1969, 142,820 common shares of the Company were outstanding. The holders of 6% cumulative preferred shares of the Company are not entitled to notice of or to vote at the meeting.

PRINCIPAL HOLDER OF VOTING SHARES

Mrs. M. M. Campbell beneficially owns 71,703 common shares of the Company, representing 50.2% of the outstanding equity shares.

ELECTION OF DIRECTORS

Proxies in favour of management nominees will be voted for the following proposed nominees (or for substitute nominees in the event of contingencies not known at present) who will, subject to the by-laws of the Company, serve until the next annual meeting of shareholders or until their successors are elected or appointed in accordance with such by-laws. The nominees listed have been directors of the Company since the years indicated, and, on March 11, 1969, beneficially owned, directly or indirectly, the indicated number of common shares.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

NAME	PRINCIPAL OCCUPATION	YEAR BECAME A DIRECTOR	COMMON SHARES OWNED BENEFICIALLY
Mrs. M. M. Campbell	President of the Company	1955	71,703
H. J. Carmichael	Director of Massey-Ferguson Limited (manufacturers) Director of Continental Can Limited (manufacturers)	1956	2,205
J. M. Godfrey	Senior Partner of Campbell, Godfrey & Lewtas (solicitors)	1955	400
D. M. Hunter	Vice-President of the Company President of Cherry Taylor Flour Mills Limited (flour millers) President of Taylor Grain Limited (grain dealers)	1952	10
E. C. Labarge	Vice-President of the Company General Manager of Robinson Cone Company (manufacturer of ice cream cones)	1961	100
J. R. McPhee	Secretary-Treasurer of the Company	1952	22
W. H. Pinchin (1)	Director of Dover Mills Limited (flour millers)	1965	100
D. Smith	Vice-President of Cherry Taylor Flour Mills Limited (flour millers)	1957	85
G. M. Sutherland (1)	Retired	1957	1,000
J. M. Vallance	Secretary-Treasurer of Vallance Brown and Company Limited (wholesaler of mill and electrical supplies)	1952	942
D. H. Ward	President of Dominion Securities Corporation Limited (investment dealers)	1955	5,000
D. H. Wigle	Vice-President of the Company President of Howell Litho and Cartons Limited (printers and carton manufacturers)	1960	750

Notes:

- The following nominees, in addition to the present principal occupation specified, have had within the five years prior to March 11, 1969 the following principal occupations:

W. H. Pinchin—President of Pillsbury Canada Limited (flour millers). President of Viceroy Manufacturing Company Limited (rubber goods manufacturers).

G. M. Sutherland—Vice-President of the Company.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers of the Company during the fiscal year ended December 31, 1968 amounted to \$116,071.00.

The estimated aggregate annual cost to the Company and its subsidiaries in the last completed financial year of all pension benefits proposed to be paid under any normal pension plan in the event of retirement at normal retirement age, directly or indirectly, by the Company or its subsidiaries to the directors and senior officers of the Company is \$1,833.96.

APPOINTMENT OF AUDITORS

It is intended to vote proxies received in favour of management nominees to re-appoint the firm of Clarkson, Gordon & Co., the present auditors, as auditors of the Company to hold office until the next annual meeting of shareholders.

GENERAL

Information contained herein is given as of March 11, 1969. The management knows of no matters to come before the meeting other than the matters referred to in the notice of the meeting. However, if any other matters which are not known to the management should properly come before the meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the person voting the proxy.

BY ORDER OF THE BOARD

DATED: March 11, 1969

JOHN R. McPHEE,
Secretary